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EX PARTE OR LATE FILED

Kathleen B. Levitz
Vice President-Federal Regulatory

August 3, 1998

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351
202 463-4113
Fax: 202 463-4198
Internet: levitz.kathleen@bsc.bls.com

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

RECEIVED

AUG 3 - 1998

Re: Written Ex Parte in CC Docket No. 98-121

RECEIVED
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Ms. Salas:

This is to inform you that BellSouth Corporation has submitted today as a written ex parte a letter prepared by BellSouth of Louisiana in response to a letter the General Counsel of that company received from AT&T on July 7, 1998. The BellSouth letter has been submitted in response to a request from the staff of the Common Carrier Bureau.

Pursuant to Section 1.1206(a)(1) of the Commission's rules, we are filing two copies of this notice and that written ex parte presentation. Please associate this notification with the record of CC Docket No. 98-121.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz

Attachment

cc: Carol Matthey

No. of Copies rec'd
ENCLOSURE

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Kathleen B. Levitz
Vice President-Federal Regulatory

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351
202 463-4113
Fax: 202 463-4198
Internet: levitz.kathleen@bsc.bls.com

August 3, 1998

Ms. Carol Matthey, Chief
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Written Ex Parte in CC Docket No. 98-121

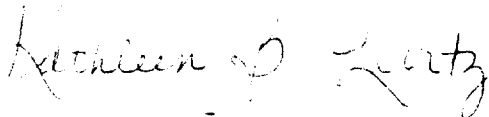
Dear Ms. Matthey:

Ms. Claudia Pabo of your staff has requested a copy of a letter that Victoria McHenry, General Counsel of BellSouth of Louisiana, wrote to AT&T on July 31, 1998 in response to a letter she received from that carrier on July 7, 1998. Attached is a copy of the BellSouth response requested by Ms. Pabo.

If after reviewing this attachment your staff concludes that it needs additional information related to the BellSouth response, please call me at (202) 463-4113.

In compliance with Section 1.1206(a)(1) of the Commission's rules, we have today filed with the Secretary of the Commission two copies of this written ex parte presentation and requested that it be associated with the record of CC Docket No. 98-121.

Sincerely,



Attachment

cc: Ms. Claudia Pabo
Ms. Andrea Kearney



BellSouth Telecommunications, Inc. 504 528-2050
Suite 3080 Fax 504 528-2848
385 Canal Street
New Orleans, Louisiana 70130-1102

Victoria K. McHenry
General Counsel - LA

July 31, 1998

VIA FEDERAL EXPRESS

Stephen C. Garavito, Esquire
General Attorney
AT&T
Room 3252G1
295 North Maple Avenue
Basking Ridge, NJ 07920

Re: BellSouth's Section 271 Application for InterLATA Relief in Louisiana

Dear Mr. Garavito:

I am writing to respond in greater detail to your letter dated July 7, 1998. As I noted in my initial response of July 9, 1998, it did not appear that your letter was a genuine expression of AT&T's interest in resolving or narrowing disputed section 271 issues. In fact, you stated that the purpose of your letter was to "put BellSouth on notice as to issues AT&T intends to raise in comments on BellSouth's application." In my July 9 letter, I nevertheless offered to make arrangements to meet to discuss section 271 issues, if you believed such discussions would be productive. I have concluded from your silence that AT&T has no interest in such discussions.

You also asked me to let you know if your letter misstated BellSouth's position on any of the items that you raised. As I stated in my July 9 letter, your letter does frequently misstate BellSouth's position. While BellSouth's section 271 application fully addresses the issues that you raised, I have provided below summary responses to these issues.

Track A/Track B

You contend that BellSouth is "precluded from seeking in-region interLATA authority under Track B." As you now know, BellSouth filed its application under Track A. See 47 U.S.C. § 271(c)(1)(A); Brief at 3-15; see generally Wright Aff.

You also assert that "there is no non-PCS carrier providing facilities-based local services to residential customers in Louisiana today." As a preliminary matter, your assertion confirms that PCS service constitutes facilities-based local exchange service. Furthermore, wireline carriers do in fact provide facilities-based service to a small number of residential lines, as well as thousands of business lines. See Brief at 6; Wright Public Aff. ¶ 132.

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Combinations of Network Elements

In your letter, you continue to profess your disagreement with the current state of the law on this issue. BellSouth provides access to network elements consistent with the requirements of the 1996 Act. Contrary to your suggestion, the 1996 Act does not "levy a duty" on BellSouth "to do the actual combining of elements." See Iowa Utils. Bd. v. FCC, 120 F.3d 753, 813 (8th Cir. 1997), cert. granted, 118 S. Ct. 879 (1998). As the FCC has explained, a "[c]entral" aspect of the Eighth Circuit's "holding is the premise that elements are 'unbundled' for purposes of Section 251(c)(3) only if they are physically separated." United States' Petition for a Writ of Certiorari at 25 (No. 97-831, Nov. 19, 1997). See Brief at 40.

You further complain that BellSouth only makes network elements available for CLECs to combine through collocation. However, by making physical and virtual collocation available at state-approved prices and on clearly stated, nondiscriminatory terms, BellSouth satisfies the statutory requirement that CLECs have at least one option for combining UNEs on nondiscriminatory terms. See Brief at 40-41; Varner Aff. ¶¶ 75-80.

Furthermore, BellSouth makes the following assembled UNE combinations available to CLECs: (1) loop and cross-connect; (2) port and cross-connect; (3) port and cross-connect and common transport; (4) loop distribution and NID; (5) loops with loop concentration and cross-connect; and (6) loop and NID. BellSouth will consider requests from CLECs for additional network element combinations. In fact, BellSouth is currently engaged in such negotiations. BellSouth will provide interested CLECs with pre-assembled, end-to-end combinations of network elements at resale rates, since this is, in fact, resale service. Your objection that BellSouth "will charge the CLEC for taking apart and putting back together the unbundled network element" is simply a disagreement with the Eighth Circuit's holding in Iowa Utilities Board.

Unbundled Local Switching

You contend that BellSouth has "has not yet developed or implemented the capability to provide the terminating usage information required by CLECs to bill for terminating intrastate access." CLECs using unbundled switching are entitled to collect the associated switched access charges from interexchange carriers. Varner Aff. ¶ 127. The Access Daily Usage File (ADUF) provides the CLEC with records for billing interstate and intrastate access charges to interexchange carriers for calls originating from and terminating to unbundled ports. Since BellSouth does not bill terminating intrastate access associated with intraLATA toll calls BellSouth carries itself, switch recordings for these types of calls are not produced. BellSouth will implement the mechanized capacity to provide records for these types of calls by October 31, 1998. Pending that implementation, BellSouth will work with CLECs to develop an interim compensation process to calculate the charges owed to the CLECs for terminating these calls. See Brief at 31; Scollard Aff. ¶¶ 10, 21; Varner Aff. ¶¶ 128-130.

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You also state that BellSouth is not currently able to provide the terminating usage information required to bill for reciprocal compensation. Under the jurisdiction of the Louisiana PSC, BellSouth has established just and reasonable rates and terms for reciprocal compensation. Reciprocal compensation is payable when a CLEC uses unbundled network elements obtained from BellSouth. See Statement of Generally Available Terms and Conditions § XIII ("Statement"). Where CLECs purchase the switching and transport UNEs, no payments actually are exchanged because reciprocal compensation payments due from BellSouth are fully offset by payments due to BellSouth for CLECs' use of UNEs to terminate traffic. Because no payments are made for this traffic, no traffic data is provided. See Brief at 59-60; Varner Aff. ¶ 192.

Your letter also complains about BellSouth's procedures and policies for making available to CLECs vertical features of BellSouth's central office switches. Vertical features that are not offered to BellSouth retail customers, but are desired by CLECs, may be requested through the BFR process. This process, which as you know was developed jointly by BellSouth and AT&T, allows BellSouth to provide CLECs with additional capabilities they may desire that are beyond those contained in BellSouth's Statement or their negotiated agreements. In most cases, BellSouth will provide a preliminary analysis of the request within 30 days of its receipt, and a quotation within 90 days of CLEC authorization to proceed. Unless a CLEC agrees otherwise, all proposed prices for BFR services are cost-based. To date, no CLEC has used the BFR process to request vertical switching features. See Brief at 46-47; Varner Aff. ¶¶ 21-22, 123-126.

You complain that BellSouth does not offer a line class code means of customized routing of CLEC traffic to CLECs' OS and DA platforms in Louisiana. This is not true. BellSouth provides selective (or customized) routing to a CLEC's desired platform using line codes in accordance with the Louisiana PSC's orders. BellSouth has not denied any request for selective routing based on lack of line class code capacity. BellSouth has developed an electronic process that enables CLECs to convert as many resale customers to customized routing as they wish per day. See Brief at 46; Milner Aff. ¶¶ 82, 84; Varner Aff. ¶ 133. In addition to the line class code method of customized routing, a technical trial of selective routing using BellSouth's Advanced Intelligent Network (AIN) platform commenced in Georgia in November 1997 and ended in January 1998. See Milner Aff. ¶ 83. Centralized routing of CLEC traffic using AIN is expected to begin on September 30, 1998. Testing performed by BellSouth indicates that any routing delay using AIN-based routing will be imperceptible to the end user.

You also contend that BellSouth has "not made clear whether it will require purchasers of unbundled local switching to negotiate individual intellectual property licenses or similar arrangements with switch manufacturers and software vendors." As you are aware, AT&T has never raised this issue before the Louisiana PSC. BellSouth, however, will cooperate with CLECs in obtaining any necessary licenses or similar arrangements required by switch manufacturers and software vendors.

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Operational Support Systems (OSS)

In your letter, you call our attention to the Georgia Public Service Commission's order of June 4, 1998, which in part addressed BellSouth's OSS. As a general matter, BellSouth has addressed the concerns of the Commission, as well as the additional concerns of the Georgia Public Service Commission, regarding the access that BellSouth provides to its OSS. See Brief at 63-65; see generally Stacy OSS Aff.

You contend that there have been "[s]ignificant problems" arising out the implementation of EDI 7.0. These contentions have no merit.

First, BellSouth has provided AT&T, as well as other interested CLECs, with business rules for ordering directory listings via EDI. In addition, BellSouth provided AT&T with the BellSouth Publishing and Advertising Company ("BAPCO") system edits in 1997, and again on May 27, 1998. See Stacy OSS Aff. ¶ 143. As industry standards are established or updated, documentation has been updated to reflect these changes. See id. ¶¶ 104-106.

Second, BellSouth implemented Version 7.0 of the EDI standard on March 16, 1998. Upon the introduction of Version 7.0, BellSouth, consistent with its policy, provided support for this new version as well as an additional 90 days of continued support for the previous version of EDI. BellSouth also provides CLECs with advance notice six months before implementing a new version of any standard OSS software. EDI conforms to the national standards for local exchange ordering established by the OBF. Id. ¶ 82.

Third, BellSouth has a change control process through which CLECs may propose and discuss changes to BellSouth's electronic interfaces. Brief at 18; Stacy OSS Aff. ¶¶ 231-233.

You also complain that BellSouth "shut down" EDI 6.0. As you are probably aware, and as I have mentioned above, BellSouth's policy is to support the most current version of standard OSS software, including EDI, plus the previous version for 90 days past BellSouth's implementation of the most current version. CLECs are notified six months in advance of BellSouth's plans to implement any new, major version of OBF standards. Further, BellSouth seeks the CLECs' reasonable agreement on the date for implementing the newest standard. As you can understand, BellSouth cannot support multiple versions of EDI or other OSS software forever. In addition to being costly, supporting multiple versions of standards would create data integrity problems, impairing BellSouth's ability to provide CLECs with accurate information. See Stacy OSS Aff. ¶¶ 82, 95.

You contend that BellSouth has not developed methods and procedures or an electronic means for ordering elements to be combined by CLECs. However, EDI is fully capable of accepting orders for unbundled loops, ports, interim number portability, and loop with INP. These orders flow through BellSouth's ordering systems without human intervention. See Brief at 25; Stacy OSS Aff. ¶¶ 101-103.

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Contrary to your suggestion, BellSouth's "flow-through" data demonstrate that BellSouth is providing nondiscriminatory access to its OSS. After adjusting for CLEC errors that required manual intervention, 82 percent of CLEC electronic business and residential orders flowed through BellSouth's systems without any human intervention in May 1998. (Nearly three-quarters of the CLEC orders flowed through before adjustment for CLEC errors.) BellSouth's retail flow-through percentages were 96 percent for residential orders and 83 percent for business orders. See Brief at 26; Stacy OSS Aff. ¶ 121.

Your also complain about BellSouth's jeopardy notices. BellSouth has in place processes to ensure that service jeopardy information is available to CLECs in substantially the same time and manner as it is to BellSouth's retail units. When BellSouth identifies that a BellSouth or CLEC order cannot be processed for reasons other than end-user caused reasons, BellSouth's network group first works to determine if the jeopardy can be quickly resolved. Stacy OSS Aff. ¶ 149. If the situation cannot quickly be resolved, the network group posts a jeopardy status to its Service Order Control System ("SOCS"). The SOCS database generates lists of service orders in jeopardy, which at the same time are printed in BellSouth retail centers and in BellSouth's Local Carrier Service Center (LCSC) so that the information can be faxed to the CLEC. Id. If a service jeopardy occurs near the time of an installation call, the BellSouth Work Management Center or Installation and Maintenance Group contacts the BellSouth retail customer or, since these groups are prohibited from having direct contact with CLEC customers, the CLEC itself. Id. Service jeopardies for orders received electronically via EDI are handled in the same way. Id. ¶ 150.

While there is no national standard for jeopardy notification via EDI, BellSouth transmits electronic notifications for end-user-caused jeopardies to CLECs via the EDI interface. Id. Electronic notifications of end-user-caused jeopardies are also sent to CLECs that use LENS. Id.; see Stacy OSS Aff. ¶¶ 148-151.

Performance Measurements

Your letter states that the Louisiana PSC has not completed its proceeding regarding BellSouth's SGAT revisions related to performance measurements. You did not acknowledge, however, that BellSouth's Service Quality Measurements (SQMs) and associated reporting commitments have been incorporated into BellSouth's SGAT in Louisiana and adopted on an interim basis by the Louisiana PSC. The Louisiana PSC concluded that these measurements included the "measurements and standards as suggested by the FCC; together with the measurements and standards suggested by the Department of Justice in connection with the Oklahoma 271 case." See July 1, 1998 Louisiana PSC Ex Parte Order, No. U-22252-B at 3 (App. C, Tab 150); Brief at 63, 65; Stacy Performance Aff. ¶ 4 & Ex. WNS-2; Varner Aff. ¶ 262-263.

As part of its Louisiana application, BellSouth has provided average installation interval data. See Stacy Performance Aff. Ex. WNS-3. Your complaint about the lack of this data is therefore unwarranted.

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You contend that a CLEC cannot obtain access to the data underlying BellSouth's summary performance report for that CLEC. This is incorrect. BellSouth has established an Internet site that provides CLECs with service quality measurement reports and associated aggregated raw data for CLECs and BellSouth. CLECs also may obtain their own data. This CLEC-specific information is password-protected. See Brief at 65; Stacy Performance Aff. Ex. WNS-3.

Contract Service Arrangements

Your complaints about contract service arrangements are without merit. Contrary to your assertion, BellSouth's CSAs are available for resale in Louisiana at the wholesale discount, under exactly the same terms and conditions offered to BellSouth end users. BellSouth has revised its SGAT accordingly, and will agree to similar contract language with interested CLECs. See Brief at 62; Varner Aff. ¶¶ 9-10, 202. Likewise, your assertion that BellSouth assesses termination liability on existing BellSouth CSA customers that seek to terminate the CSA to take service from a CLEC prior to the expiration of the CSA's term is also incorrect. If a reseller assumes all of the terms and conditions of a CSA, termination charges will not apply upon transfer of the CSA to the reseller. See Brief at 62; Varner Aff. ¶ 202. Finally, you complain that BellSouth may withdraw each customer-specific CSA effective upon expiration of the CSA's term. While CLECs may resell CSAs on the same terms and conditions offered to BellSouth end users, they are only entitled to these terms and conditions for as long as BellSouth has offered them to its end users.

Branding of Operator Services and Directory Assistance

Your complaints about branding are unfounded. Branding for operator services and directory assistance is available to interested CLECs. Subject to line class code capacity, BellSouth will use selective routing to provide branded directory assistance for facilities-based CLECs and resellers. The CLEC can elect to brand the directory assistance call with its name, the BellSouth brand, or elect no brand. In order to obtain selective routing for branding or other purposes, a CLEC must use dedicated transport between its switch and BellSouth's OS/DA platform. Without a dedicated trunk group, BellSouth's OS/DA systems cannot identify the carrier to which the call belongs. See Milner Aff. ¶¶ 82, 85, 94; Varner Aff. ¶ 143; Coutee Aff. ¶ 12.

Compliance with Section 272

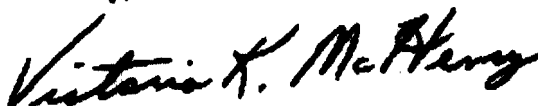
Contrary to your assertion, BellSouth has provided the Commission with extensive evidence demonstrating that BellSouth will comply with the requirements of section 272 when it receives interLATA authorization in Louisiana and that is in fact currently operating in accordance with section 272's terms. BellSouth has made available for review all agreements between BellSouth Telecommunications and BellSouth Long Distance, and summaries of all services provided by BellSouth Telecommunications to BellSouth Long Distance are available at BellSouth's Internet site. BellSouth has established structural separation and nondiscrimination

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safeguards that will ensure that BellSouth's long distance affiliate does not have any unfair advantage over its competitors when it sells in-region, interLATA services. Brief at 65-70; see generally Cochran Aff.; Wentworth Aff.; Varner Aff. ¶¶ 221-251; Betz Aff. ¶¶ 2-17.

I trust that this letter has been responsive to your concerns.

Sincerely,



Victoria K. McHenry

VKM:spc

cc: Austin Schlick, Esq. (Via Federal Express)
Steve Klimacek, Esq. (Via Federal Express)
Jim Llewellyn, Esq. (Via Federal Express)
David Guerry, Esq. (Via Federal Express)